

DIRECTORATE OF INTELLIGENCE

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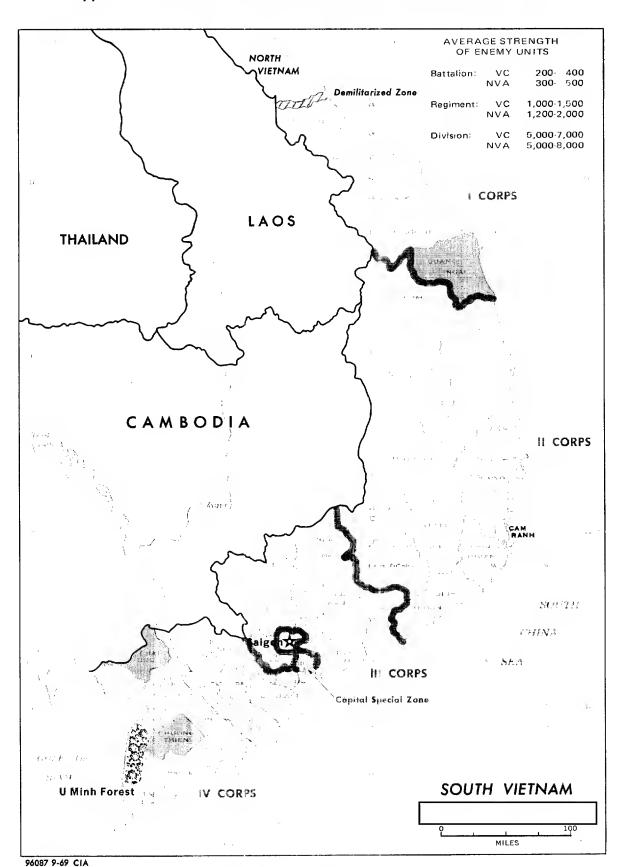
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### [Vietnam:

North Vietnam: The new leadership again has appealed for unity within the party.

In a rather passionate editorial on 14 September, the party daily made liberal use of passages from Ho Chi Minh's works to stress the necessity for a unified party "from the central committee down to the cell."

This has been a major and recurrent theme of the leadership since Ho's death and, at the least, indicates that the grounds for disunity are now especially fertile. The editorial did not hint at the current degree of cohesion in party circles, but its language was broad enough to cover situations ranging from relative party harmony to sharp disunity.

The newspaper also characterized the new leadership as "collective"--the second such authoritative reference since Ho's death--and implied that Ho favored such an arrangement.

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South Vietnam: Stiff battles took place in the northern provinces and in the delta over the weekend, but the over-all level of fighting remains relatively low.

The heaviest action occurred in Quang Ngai Province where two enemy companies attacked a village and nearby military outpost. The enemy has significantly intensified attacks against villages and refugee centers in I Corps in recent days, resulting in considerable damage and casualties. In Chau Doc Province in the delta, South Vietnamese infantrymen fought a sharp action, killing some 70 Communist troops.

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It is becoming clear that the Communists are giving operations in the delta sharply increased attention. The level of fighting has risen in Chau Doc, and US sources now report increased enemy actions against allied pacification forces to the south in Chuong Thien Province, adjacent to the U Minh Forest. Elements of the enemy's main-force 273rd Regiment recently reinforced the latter area.

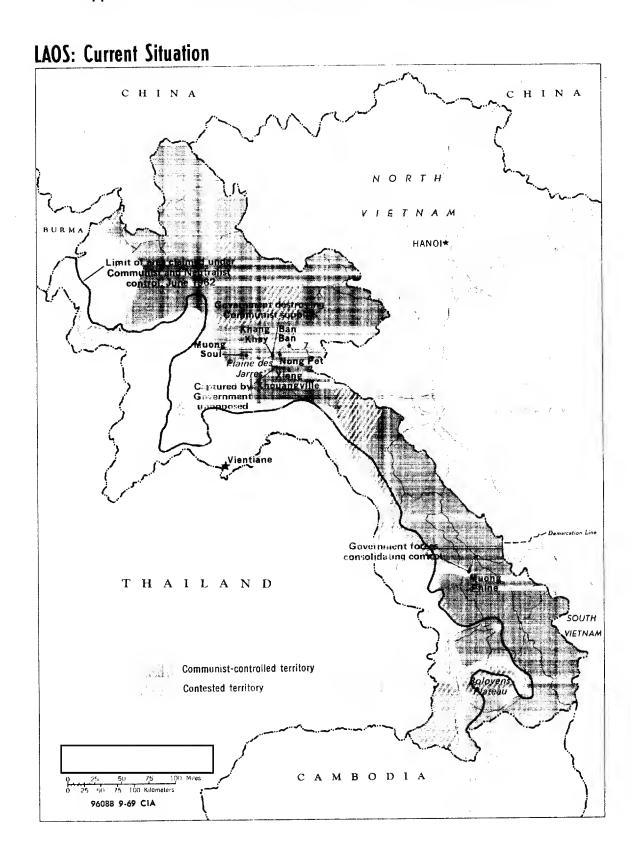
USSR - West Germany: Moscow has replied in a positive but carefully qualified fashion to a West German proposal to exchange renunciation of force declarations.

A Soviet note was delivered in Moscow on 12 September, the same day on which Moscow replied to the Allied proposal for talks on the status of Berlin. It proposed that the Soviets and West Germans initiate talks in Moscow on the "whole range of questions connected with the renunciation of force." Moscow's interest in reinvigorating its dialogue with Bonn was suggested by the failure in the note to demand explicitly the recognition of East Germany and the special status of West Berlin as preconditions for talks.

The nonpolemical language of the Soviet proposal was the same as that used in its reply to the Allied note on Berlin. The note specified that progress in the proposed talks would depend on Bonn's willingness to consider the "facts of European reality," European security interests, the international commitments of the two sides, and a readiness at the same time to conclude a treaty on the renunciation of force with the East Germans.

The two Soviet notes probably represent an effort to set the stage for Foreign Minister Gromyko's appearance at the UN General Assembly session which begins this week. Moscow also undoubtedly hopes that its attitude may improve the electoral prospects of the Social Democrats in the West German elections later this month. Meanwhile, on 10 September East Germany, probably at Soviet insistence, had indicated its readiness to discuss various postal and transportation matters with Bonn.

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Laos: Government troops have taken the town of Xieng Khouangville without opposition.

Elements of three government battalions moved unopposed into the town and the surrounding hills on 12 September. Elsewhere in north Laos, however, government forces have made only slight progress during the past few days toward gaining additional ground. Large stocks of Communist supplies are being destroyed in the Khang Khay area, but determined enemy resistance continues on the northern periphery of the Plaine des Jarres. On 11 September three North Vietnamese companies -- probably from Muong Soui--staged an all-night attack against a government battalion northwest of the Plaine. is still no evidence, however, of enemy intentions to take major counteractions. The Pathet Lao news agency has broken its silence on the government offensive and has threatened to "mete out unprecedentedly heavy blows" until the government abandons its "desperate warlike acts."

In south Laos, government forces are consolidating their control over the area in and around the recently captured town of Muong Phine and are destroying large quantities of supplies and equipment.

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Bolivia: A chauvinistic speech by the new Senate president, Ricardo Anaya Arze, will probably encourage extremists in the Congress to press for nationalization of US oil interests.

Anaya, who is next in line for the presidency should President Siles be deposed, has charged that the country's petroleum code gives unfair advantage to the US-owned Bolivian Gulf Oil Company at the expense of the state oil enterprise. He urged legislators not to shirk from nationalizing petroleum resources.

Anaya's remarks were made to keep pace with the more radical mood of Bolivian politics. His expansive praise of the military as patriotic revolutionaries is also significant at a time when rumors abound that the military may depose Siles. Anaya would probably be responsive to military pressures and is considered a supporter of armed forces commander General Ovando's presidential ambitions. Anaya's long private talk with Ovando before his speech may have been a preview of many of the points subsequently raised in his speech.

Venezuela: A strike of skilled construction workers in eastern Venezuela may spread.

The dispute against a US-owned company began more than three weeks ago over work benefits and a renegotiation of work contracts. It has since taken on more of a political cast as the strike leadership has become dominated by Communists and other leftists. The workers have already turned down a settlement proposed by an arbitration board.

The strikers are being assured of support from several state labor federations, and a general strike could begin throughout Bolivar State today if no agreement is reached. President Caldera thus far has been reluctant to intercede in the dispute. He could issue an executive decree granting benefits in excess of concessions contained in the arbitration award, but believes that such a decree would appear discriminatory against the US company. The company representatives have warned that if they are forced to settle on the workers' terms, they may reassess plans for investments in Venezuela.

#### NOTES

Ethiopia: The Eritrean Liberation Front (ELF) struck at Ethiopian Airlines on Saturday for the third time since March when two armed terrorists hijacked to Aden an Addis-Djibouti flight. Ethiopian Airlines has been a major target of the ELF since the front initiated a campaign earlier this year to publicize its cause internationally and to inflict financial losses on the Ethiopian Government by selective acts of sabotage. This latest incident follows successful sabotage of grounded Ethiopian jets at Frankfurt and Karachi in March and June. It is the first time that the ELF has carried out the threat made last July to attack Ethiopian planes in the air.

Honduras: The university student organization, the teachers' organization, and a number of labor unions will reportedly stage a demonstration in Tegucigalpa today. The rally and parade, ostensibly a patriotic Independence Day celebration, is expected to turn into a protest against the Lopez government. A student demonstration on 19 August became unruly, and some minor damage was caused to the US Embassy.

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